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ABSTRACT

The course of school finance reform in Washington since the 1977 "Seattle School District v. State" decision is traced in this document. While the majority of nationwide court decisions have centered on the inequitable distribution of financial resources among school districts within 10 states, the Washington decision focused on the failure of the state legislature "to make ample provision" for K-12 education. Analysis of changes instituted in response to the decision shows that rather than significantly improving the adequacy of resources to the state's school districts, the state has pursued a policy of "robbing Peter to pay Paul." Primary findings indicate that: (1) per pupil revenues are nearly unchanged; (2) teachers in the Puget Sound area receive average salaries with 8-15 percent less purchasing power than teachers in other regions of the state; (3) total financial resources available to districts with high percentages of minority and poor students have declined; and (4) principal beneficiaries are districts with low minority enrollments and small percentages of low-income students. Recommendations include redistributing or slightly increasing state allocations by revising the existing salary control legislation to account for cost of living variations; providing additional funding targeted to school districts with a high percentage of minority and low income students; and decentralizing the state-school district relationship. Eleven tables are included. (58 footnotes) (LMI)

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AMPLE PROVISION FOR WHOM?: THE IMPACT OF SCHOOL FINANCE REFORM ON ADEQUACY AND EQUITY IN WASHINGTON

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Abstract

This paper traces the unique course of school finance reform in Washington. In the last 20 years, the highest courts in ten states have found their prevailing systems of school funding to be unconstitutional. While the majority of these court decisions centered on an inequitable distribution of financial resources among school districts within the state, the decision handed down in Washington was quite different. The focal point in the 1977 court decision nullifying Washington's funding system (Seattle School District v. State) was the failure of the state legislature "to make ample provision" for K-12 education in the state. Analysis of changes instituted in response to Seattle School District v. State shows that rather than significantly improving the adequacy of resources provided to the state's school districts, the state has instead pursued a policy of "robbing Peter to pay Paul." The primary findings of this study are: (1) Per pupil revenues in Washington are nearly unchanged, compared to the national average, from the year in which the funding system was declared inadequate; (2) Teachers in the Puget Sound region have had their real salaries cut by nearly 15 percent in the last decade and now receive average salaries that provide them with 8-15 percent less purchasing power than do average teacher salaries in other regions of the state; (3) The share of total financial resources available to the school districts with the highest percentage of minority students and students living in poverty has declined by 2.2 and 4.9 percent, respectively, since Seattle School District v. State; and (4) The principal beneficiaries of finance reform in Washington have been school districts with low minority enrollments and a small percentage of low-income students.

AMPLE PROVISION FOR WHOM?: THE IMPACT OF SCHOOL FINANCE REFORM ON ADEQUACY AND EQUITY IN WASHINGTON

In the last 20 years, the highest courts in ten states (Arkansas, California, Connecticut, Kentucky, Montana, New Jersey, Texas, Washington, West Virginia, and Wyoming) have found the prevailing state systems of school funding to be unconstitutional.[1] While most of the cases centered on equity issues, the decision handed down in Washington was quite different. The plaintiff in Seattle School District v. State[2] was one of the most property-rich school districts in the state. The focus of the suit, and the subsequent court decision, was upon the question of how to ensure that the state met its constitutional duty to make ample provision for the education of all children residing in the state. The absolute level of state support, not disparities among the financial resources available to the state's school districts, was the primary flaw cited in declaring Washington's school funding system unconstitutional.

The legislative response to this litigation was shaped, though, not only by Seattle School District v. State, but also by earlier school reform efforts emanating from the state's

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[1] Dupree v. Alma School District No. 30, 279 Ark. 340, 651 S.W.2d 90 (1983); Serrano v. Priest, 5 Cal. 3d 584, 96 Cal. Rptr. 601, 487 P. 2d 1241 (1971); Horton v. Meskill, 172 Conn. 615, 376 A.2d 359 (1977); Rose v. Council for Better Education, 790 S.W.2d 186 (Ky. 1989); Helena Elementary School District No. 1 v. State, 769 P.2d 684 (Mont. 1989); Robinson v. Cahill, 62 N.J. 473, 303 A.2d 273 (1973) *cert. denied sub nom.*, Dickey v. Robinson, 414 U.S. 976 (1973); Edgewood Independent School District v. Kirby, 777 S.W.2d 391 (Tex. 1989); Seattle School District No. 1 v. State, 90 W.2d 476, 585 P.2d 71 (1978); Pauley v. Kelley, 162 West Virginia 672, 255 S.E.2d 859 (1979); Washakie County School District No. One v. Herschler, 606 P.2d 310 (Wyo.) *cert. denied*, 449 U.S. 824 (1980).

[2] Seattle School District v. State, No. 53950, Memorandum Opinion (Thurston County Superior Court, January 14, 1977).

executive and legislative branches in the 1970s. As such, the school finance reform legislation passed in Washington in 1977 not only addressed the adequacy issue raised by the courts, but also sought to minimize disparities in resources available to districts.

The purpose of this paper is to trace the unique course of school finance reform in Washington, to place it in the state and national context of school reform efforts, and to test the success of this legislation in improving the adequacy and equity of resources available to educate the state's children. The latter part of this paper will focus particularly upon the impact of this legislation on the funding levels made available to minority students and to those children who are living in poverty.

School Finance Reform in Washington

1962-1971: Setting the Agenda

Until the mid-1960s, Washington had historically maintained a relatively high level of state financial support for K-12 public schools. During the 1961-62 school year, while school districts nationally received about 40 percent of their revenue from state sources, Washington school districts generated more than 60 percent of their revenue from state coffers.[3]

During the next decade, however, the relative mix of state and local revenues used to support Washington's public schools changed dramatically. Local revenue sources, which had previously provided less than one-third of school funds, accounted for 40 percent of school revenue by 1971-72. Over the same period, school district dependence upon state money dropped so that, by 1971-72, Washington's schools received barely one-

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[3] National Center for Education Statistics, Digest of Educational Statistics (Washington, D.C.: U.S. Government Printing Office, 1965), p. 55.

half of their revenue from state coffers.[4] As a result, while the state had provided an average of $1.96 for every dollar raised locally to support public education in 1961-62, the state's average support level dropped to only $1.27 for every dollar raised locally during the 1971-72 school year (see Table 1).

Table 1
Percentage of Washington Public Elementary and Secondary School Revenues Generated By State and Local Sources, 1961-62 and 1971-72

	1961-62	1971-72	Change in Share
Percentage of revenue from state	62.4	50.6	-11.8
Percentage of revenue from local	31.9	40.0	+8.1
Percentage of revenue from other sources	5.7	9.4	+3.7
State support: Local support ratio	1.96:1	1.27:1	

Source: National Center for Education Statistics, Digest of Educational Statistics (Washington, DC: U.S. Government Printing Office, 1965 and 1975).

The increasing dependence upon local sources of revenue to fund Washington's public elementary and secondary schools is reflected in an explosion in the value of special property tax levies passed by Washington school districts during the 1960s and early-1970s to fund school programs (see Table 2). Authority for local school districts to hold special school levy elections was granted in 1937, but had rarely been exercised until the

[4] National Center for Education Statistics, Digest of Educational Statistics (Washington, D.C.: U.S. Government Printing Office, 1975).

late 1950s when kindergarten programs became a subject for many school levies.[5] As late as 1962, Washington school districts collected less than $20 million (or $26 per pupil) in special property tax levies. Over the next nine years, though, special property tax levies per pupil increased more than five-fold in constant dollars or at an annual rate of 22.6 percent.

Table 2
Special School Levy Amounts Approved in Washington,
1962 to 1971, Adjusted to Constant 1962 Dollars

Year	Amount Levied (Millions) (1962)	Amount Levied Per Pupil (1962)	Percentage of Change in Per Pupil Amount
1962	17.7	26.00	
1963	21.2	30.34	16.7
1964	31.9	44.81	47.7
1965	34.9	48.29	7.8
1966	39.1	51.99	7.7
1967	56.8	72.60	39.6
1968	62.5	77.66	7.0
1969	80.7	98.34	26.6
1970	102.2	124.98	27.1
1971	131.1	162.87	30.3

Source: D. F. Reff, "Ample Provision for Education: A Study of School Finance Reform in Washington State," unpublished manuscript, 1982, p. 25; Superintendent of Public Instruction, School Business Services Bulletin 20-90, State of Washington.

[5] D. H. Gale, "The Politics of School Financing in Washington State," unpublished doctoral dissertation, University of Washington, Seattle, Washington, 1981.

While local special property tax levies were skyrocketing in the 1960s and early 1970s, the state's ability to provide increased financial support was severely hampered during the latter stages of this period by a economic recession linked to massive layoffs at the state's largest employer, The Boeing Company. In the ten years between the 1961-62 and 1971-72 school years, per-pupil state support for Washington's elementary and secondary schools increased only 9.1 percent in constant dollars or at an annual rate of 0.9 percent (see Table 3).

Table 3
State Support of Public Elementary and Secondary Schools in Washington, 1961-62 to 1971-72, Adjusted to Constant 1962 Dollars

School Year	State Support (Millions) (1962)	State Support Per Pupil (1962)	Annual Percentage Change in Per Pupil Amount	Percentage State Share of School Revenue
1961-62	231.6	352.53		62.4
1963-64	247.3	353.93	0.2 %	61.2
1965-66	272.0	376.37	3.1	58.9
1967-68	291.2	372.23	-0.6	56.6
1969-70	331.8	404.39	4.2	55.8
1971-72	309.6	384.66	-2.5	50.6

Source: National Center for Education Statistics, Digest of Educational Statistics (Washington, DC: U.S. Government Printing Office, 1965, 1967, 1969, 1971, 1973, and 1975).

The rapidly increasing reliance upon local funding for public education was the subject of much discussion during this period. Educators emphasized that the financial demands placed upon schools by state program requirements and local citizenry were increasing, while the level of state support was not. State policy makers, however, pointed

out that the state was contributing the same percentage of its general fund revenue to education as had been done previously, and that "expenditures for more staff per 1,000 students and disproportionate salary increases had caused the dramatic increases in costs and resulting special levy reliance."[6]

The perception that lower pupil-teacher ratios and higher staff salaries were artificially inflating educational expenditures during this period proved to be very influential in shaping the emerging school reform agenda. Washington did not report pupil-teacher ratio data during the 1960s, so no direct measure exists of staffing changes. Nationally, however, pupil-teacher ratios, as reported by the U.S. Center for Educational Statistics (CES), fell from nearly 26 pupils per teacher in 1962 to less than 22 pupils per teacher in 1972.[7] In 1972, the first year in which individual state data are available, Washington's ratio (25.1 pupils per teacher) ranked as the third highest pupil-teacher ratio in the country.[8] Therefore, while school districts in the state may have been hiring more staff members per 1,000 students in the 1960s, available evidence suggests that the costs incurred were not out of line with national trends.

Staff salaries, and especially teacher salaries, played an even more prominent role in developing the state's school reform agenda. Contentions, however, that "disproportionate salary increases" during the 1960s were a primary cause of increased need for local levies do not seem to be supported by salary data from this period. Between 1961-62 and 1971-72, per capita income in Washington increased 29.4 percent faster than did average teacher salaries in the state (see Table 4). Non-teaching certificated staff

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6 D. F. Reff, "Ample Provision for Education: A Study of School Finance Reform in Washington State, " unpublished manuscript, 1982, p. 26.

7 R. Tobiason, Student-Teacher Ratios: National Data Collection and Reporting (Olympia, Wash.: Legislative Evaluation and Accountability Program Committee, 1988), p. 8.

8 Ibid., p. 12.

members (administrators and support service personnel) fared somewhat better[9], but even when their salaries are included, the state's per capita income growth is still 21.2 percent greater during this period than is growth in certificated staff salaries.

Table 4
Washington Per Capita Income and Certificated Staff Salaries
in 1961-62 and 1971-72, Adjusted to Constant 1962 Dollars

	1961-62	1971-72
Washington Per Capita Income	2,572	3,411
Real Annual Percentage of Change		2.86
Average Certificated Teacher Salary	5,927	7,376
Real Annual Percentage of Change		2.21
Average Certificated Salary	6,147	7,762
Real Annual Percentage of Change		2.36

Source: Superintendent of Public Instruction, School Business Services Bulletin 20-90, State of Washington.

[9] Non-teaching salaries have only been disaggregated from total certificated salaries since 1971-72. Non-teaching salaries for earlier periods can be estimated, though, from average teacher salaries and the percentage of certificated staff employed as classroom teachers during the period. In the period since 1971-72, the percentage of certificated staff employed as classroom teachers has ranged between 80.04 and 84.06 per cent. The lower figure generates estimated 1961-62 and 1971-72 average certificated non-teacher salaries of $7,029 and $9,310, respectively; the higher figure generates estimated 1961-62 and 1971-72 average certificated non-teacher salaries of $7,307 and $9,797. The real annual per cent change in salary for non-teaching staff can therefore be estimated as between 2.45 per cent and 3.38 per cent.

The funding system supporting Washington's public schools was significantly different in 1971 from what it had been in 1961. Instead of providing nearly two-thirds of common school revenue, as had been done earlier, the state supported barely one-half the cost of public education. While inflation-adjusted state support per pupil had increased less than 10 percent between 1962 and 1972, special levies per child had grown by more than 500 percent in constant dollars. Special levies were an insignificant source of revenue in 1962, providing about $25 per pupil. By 1972, special levies were school districts' second largest funding source, producing an amount equivalent to $163 per pupil in 1962 dollars. Responsibility had begun to be apportioned for this radical shift and, although the available data do not seem to support these claims, higher staffing levels and "disproportionate" salary increases were coming under scrutiny as the culprits. These perceptions were to prove crucial in the reform agenda implemented five years later.

1972-1977: Judicial Activity

The Washington Supreme Court issued its initial school finance reform opinions after landmark decisions in the highest courts of California, New Jersey, and the United States. The Washington court's reaction to these opinions set Washington on its unique path to school finance reform.

National Activity

In 1971, the California Supreme Court created a new standard for testing the constitutionality of state school finance systems. Under the doctrine of fiscal neutrality announced in Serrano v. Priest,[10] the court decided that it would strike down California's school finance system if reliance upon funds from local property taxes created significant revenue disparities among school districts. The court concluded that it is unconstitutional

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10 Serrano v. Priest, 5 Cal.3d 584, 487 P.2d 1241, 96 Cal. Rptr. 601 (1971).

to make the availability of funds for a child's education dependent on the property wealth of the community in which the child lives. While the Serrano decision required California to break the link between property wealth and educational revenues, the opinion did not require a specific remedy. Conceivably, either full state funding or levy equalization, for example, could meet the demands of fiscal neutrality.[11] The focus, however, was on eliminating existing inequities related solely to assessed property values.

The legal basis used by the California Court was the Equal Protection clauses of the U.S. and California Constitutions. This Equal Protection analysis, however, was seriously undermined when the U.S. Supreme Court, in reversing a decision to overturn the Texas school finance system, refused to recognize the theory of fiscal neutrality under the U.S. Constitution.[12] Although the California Supreme Court eventually reaffirmed its decision on the basis of the California Constitution,[13] the next state supreme court to address school funding, the New Jersey Supreme Court, avoided Equal Protection analysis.

In Robinson v. Cahill,[14] the New Jersey Supreme Court ruled the state's school finance system was unconstitutional because New Jersey was not providing the "thorough and efficient" education required in the education clause of the state constitution. According to this opinion, the New Jersey Constitution required the state "to define in some discernible way [its] educational obligation" and provide the necessary funds to

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11 J. E. Coons, W. H. Clune, and S. D. Sugarman, Private Wealth and Public Education (Cambridge: Belknap Press, 1970).

12 San Antonio Independent School District v. Rodriguez, 411 U.S. 1 (1973).

13 Serrano v. Priest, 18 Cal.3d 728, 557 P.2d 929, 135 Cal. Rptr. 345 (1976), *cert. denied* 432 U.S. 907 (1977).

14 Robinson v. Cahill, 62 N.J. 473, 303 A.2d 273 (1973) *cert. denied sub nom.*, Dickey v. Robinson, 414 U.S. 976 (1973).

ensure that this level of educational opportunity was made available to the state's children.[15]

There is, of course, a strong concept of equity in this legal approach. The New Jersey court was attempting to force the legislature to define "equal educational opportunity." The Robinson focus, however, was on achieving a minimally adequate education, rather than avoiding unfair inequities. To use an analogy from statistics, the focus of the Serrano approach is upon the variability (e.g., the variance or the range) in the distribution of available resources and the relationship of that variability to differences in assessed property values. The Robinson approach is more concerned with the minimum in the distribution. This emphasis became stronger in later opinions by the New Jersey court,[16] and the New Jersey Supreme Court's recent decision in Abbott v. Burke makes this focus clear.[17] The plaintiffs in Abbott based their case in part on the disparities in per pupil expenditures across the state, and requested that the court declare the entire system unconstitutional. The court, however, found that these disparities were unconstitutional only when the result was an inadequate education for students. The conclusion of the judges in Abbott was that the record in that case was sufficient to prove an inadequate education in the property-poor urban districts only.

Although every state court decision has unique features, the school finance reform litigation since Serrano and Robinson can be described as variations on the themes of equity and adequacy. In recent years, for example, the Texas Supreme Court issued a

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15 Ibid.

16 M. M. McCarthy, "Adequacy in Educational Programs: A Legal Perspective," in Perspectives in State School Support Programs, edited by F. Jordan and N. H. Cambron-McCabe (Cambridge: Ballinger, 1981).

17 Abbott v. Burke, 119 N.J. 287, 575 A.2d 359 (1990).

school funding decision[18] similar to Serrano. The aim of the Texas court was to reduce the disparities in revenues between property-poor and property-rich school districts. The Kentucky Supreme Court decision in Rose v. Council for Better Education[19] is a strong statement of the Kentucky constitutional obligation to provide a minimally adequate education and a uniform system across the state.

Litigation, however, is only part of the saga of school finance reform in the last two decades. Many states succeeded in revising their school funding systems through legislative and executive initiatives without court mandates. Washington's school finance reform was the product of legislative and executive activity, with a strong catalyst supplied by the courts.

State Activity

In Washington, efforts at school finance reform until the mid-1970s had usually been addressed as part of a general tax reform agenda.[20] Washington is one of only five states in the U.S. without a state income tax, and the general search for revenue stability (and/or increases) centered on an attempt to pass a state income tax. Twice in the early 1970s, Washington voters soundly defeated[21] ballot measures linking the introduction of a state income tax to limitations on other state and local taxes. The second of these ballot initiatives linked the introduction of an income tax to the abolition of all special levies.

A component in the push for a state income tax was the effort to stabilize funding for schools. The implementing legislation for the second income tax initiative contained a

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18 Edgewood Independent School District v. Kirby, 777 S.W.2d 391 (Tex. 1989).

19 Rose v. Council for Better Education, 790 S.W.2d 186 (Ky., 1989).

20 Gale, p. 77.

21 The 1970 income tax initiative was defeated at the polls by more than a two-to-one margin, while the 1973 initiative was routed by a three-to-one margin.

school funding formula developed by a 1972 School Formula Committee, which had been put together by the Office of the Superintendent of Public Instruction and the State Legislature. This committee issued its report a few months after Serrano; its recommendations to fund 50 certificated employees per 1,000 students reflect, in part, an awareness that litigation might require a new school finance system in Washington. Although the defeat of the income tax measure also buried the school funding formula, the recommendations of this committee were to be very influential in the development of the eventual 1977 reform package.

The first attempt to decouple school finance reform from tax reform was inspired by California's Serrano v. Priest decision in 1971. The following year, the Northshore School District and others brought a similar suit against the State of Washington, seeking a judicial mandate for fiscal neutrality, a school finance system not dependent on local assessed property values.[22] Northshore S.D. v. Kinnear[23] was argued before the Washington Supreme Court only a few months after the U.S. Supreme Court had issued its opinion in Rodriguez and the New Jersey Supreme Court had issued its first Robinson opinion. In 1974, a very divided Washington Supreme Court refused to overturn the state's school finance system.

Three justices in the Northshore case stated that the Washington Constitution was not violated by a school finance system that relied substantially on the passage of special levies. This opinion followed the reasoning of the U.S. Supreme Court in Rodriguez and found that decision "controlling" on some issues. Three dissenting justices found that the dependence of the public schools on uncertain local property taxes was a violation of the state constitution. These justices relied on the reasoning and some of the language in

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[22] W. Anderson, "School Finance Litigation: The Styles of Judicial Intervention," Washington Law Review 55 (1979): 137-173.

[23] Northshore School District v. Kinnear, 84 Wn.2d at 725 (1974).

Robinson. The Northshore dissent attempted to anchor its opinion in the particular language of the education provision of the Washington state constitution.

The three remaining justices seemed to sit on the fence. These justices left open the possibility that the state's school finance system might be found to violate the state constitution, but they considered the record insufficient for such a finding in the Northshore case. They concurred in the result, but not in the reasoning of the three justices who found no violation. Thus, while the Northshore School District did not obtain the result it sought, the Supreme Court's opinions suggested that a majority of the court might be willing to rule the school finance system unconstitutional under some circumstances.[24]

One year after the Supreme Court's Northshore decision, special levies in school districts educating 40 percent of the state's students were defeated by the districts' voters. School districts in Washington received $300 million in special levy funds in 1975; only $206 million was approved for collection the following year. In response to the levy failures, the State Legislature, which was in session at the time of the levy elections, approved an appropriation of $65 million to be divided among all school districts, with a proviso that districts with successful levies would collect $40 million less than voters had approved. This $25 million aid package, while welcomed by the state's school districts, still left them with revenue losses totalling $70 million.

The levy failure was particularly severe for the Seattle School District, which relied on special levies for 37.7 percent of its budget. Following the implementation of significant program reductions and staff layoffs, the Seattle School District filed suit against the state, arguing that the state was out of compliance with Article IX, Section 1 of the state constitution which provides that "It is the paramount duty of the state to make ample provisions for the education of all children residing within its borders." Unlike the earlier

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[24] A. A. Morris and M. Andrews, "Ample Provision for Washington's Common Schools: Northshore's Constitutional Promises to Keep," Gonzaga Law Review 10 (1974): 19-107.

Northshore case, "the concept of fiscal neutrality . . . was not an issue in the Seattle challenge, as plaintiffs directed sole attention to the 'ample provision' clause in the state constitution."[25]

In January, 1977, Judge Robert J. Doran moved school finance reform to the top of that year's legislative agenda by ruling the Washington school finance system unconstitutional because of its reliance on special levies to provide basic education. He directed the legislature to define a basic program of education and provide a stable source of revenue to fully fund such a program without reliance on special levies. Under the court's decision, local special levies could be a source for only "enrichment" funds for local school districts. The state became the guarantor of a basic education. Judge Doran's decision was subsequently upheld by the Washington State Supreme Court in September 1978.

1977: Legislative Response

The legislature moved quickly to implement the trial court's decision. Judge Doran's opinion added a critical element to pressures that had been increasing rapidly since the levy failures of 1975 for revamping the school funding system in order to avoid a recurrence of these events. It is not unimportant that efforts at reform also received a boost from an unexpected state revenue surplus, which made it possible to increase state school funding without a tax increase. The legislature thus decided to act without waiting for a Supreme Court review of the trial court decision.

The solution that emerged had its antecedents in earlier efforts to change the state's tax system, equalize financial resources among the state's schools, control staffing levels, and limit "disproportionate salary increases." The legislative package approved in 1977 included a new school funding formula based on staff units, a limitation on special levies, and controls on staff compensation.

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25 Reff, p. 28.

Judge Doran's order called on the legislature to develop a basic education standard that could be used to measure the state's success in making "ample provision" for education. The Seattle School District had suggested that Judge Doran consider three methods of defining and measuring basic education: accreditation standards, state regulatory standards, or the "collective wisdom," as demonstrated in current practice in the schools. While not requiring the state to use any particular definition, Judge Doran observed that the existing system did not fund any of these standards without reliance on special levies.

In defining basic education, the legislature chose to follow the "collective wisdom" approach. According to the Washington Supreme Court, "collective wisdom" was an educational standard "determined by the collective experience of local educators, school boards, and parents."[26] In practice, this meant that the average educational program provided by the state's school districts in the 1977-78 school year was seen as reflecting the state's collective wisdom as to its educational goals.

The core of the school reform package was The Washington Basic Education Act of 1977 (Substitute House Bill 960), which defined basic education in terms of goals, educational programs, and the distribution of funds. The act defined the goal of the common schools as providing students with the opportunity to achieve a list of specific skills that the legislation described as "requisite to learning." A basic educational program was defined in terms of minimum contact hours by grade level in a variety of basic skills.

The act also replaced the state's weighted student funding formula with a finance system that was intended to ensure that this basic educational program could be funded without reliance upon special levies. This new formula, which had been developed to implement the unsuccessful 1973 state income tax initiative, called for a staff unit allocation system with a base allocation of one certificated staff per 20 full-time equivalent (FTE)

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[26] Seattle School District v. State, 90 W.2d 476, 585 P.2d 71 at 535 (1978)

students, and one classified (non-certificated) person per three certificated employees. Other educational programs--such as education of handicapped children, remedial education, bilingual education, and transportation--were funded separately.[27]

A fully funded definition of basic education was all that was required to satisfy Judge Doran's ruling. During the 1977 session, however, the legislature also passed a measure limiting the revenue a school district could generate through special levies and controlling the salaries that school districts could pay to their employees. This legislation, not mandated by the court ruling,[28] was based on a variety of considerations.

Judge Doran's order to the Legislature "was silent on the subject of levy limits."[29] If, however, the average educational program was to be used as a proxy to measure the state's compliance with its constitutional mandate, then local efforts to improve programs would increase statewide expenditures and thereby increase the state's obligation. This possibility gave the legislature strong incentive to exercise greater control over the ability of local districts to enrich their educational offerings. Without levy controls, local school districts could pass high special levies, which would trigger increased state support levels in subsequent years. Many legislators believed that only by limiting the ability of school districts to generate local revenue could they place a brake upon the collective wisdom of the state's people, and thereby control state spending.

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[27] The 1977 Legislature interpreted Judge Doran's decision as making only the education of normal-range students part of constitutional "basic education". In subsequent litigation (Seattle School District v. State, 1983), Judge Doran ruled that constitutional "basic education" covered some additional programs, including the special programs needed to provide handicapped children with an appropriate education and the transportation programs necessary for children to attend school.

[28] R. E. Julnes, "School Reform in Washington: A Perspective on the Last Three Decades," paper presented at the Conference on School Reform in Washington State, Seattle, Washington.

[29] Reff, p. 58.

In addition, there were potent political considerations, unrelated to Seattle School District v. State, which caused legislators to embrace a limit on special school levies. According to Gale, a special levy limit not only provided more state control over the cost of education, it also "provided property tax relief which was critically important to some legislators."[30] The special levy controls were scheduled to begin two months after the next legislative election and "it was good politics to be able to tell voters that levies were going to be reduced as the state phased in its court-ordered basic education support."[31]

While Seattle School District v. State had focused upon Article IX, Section 1 of the State Constitution, proponents of a limit on special levies emphasized the constitutional mandate to "provide for a general and uniform system of public schools" contained in Article IX, Section 2.[32] They argued that the state was making substantial increases in K-

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[30] Gale, p. 97.

[31] Reff, p. 59.

[32] The "general and uniform" language of the constitution's education provision has not been clearly interpreted in the recent school finance litigation. Judge Doran expressly found that the pre-1977 system was "general and uniform" (Seattle School District v. State, Findings, 1977). The Washington Supreme Court's opinion in the Seattle School District case, however, is not as clear on this question (Seattle School District v. State, 1978). Although at least seven other states guarantee a "general and uniform" educational system, the only state supreme courts to review school finance systems under this standard have found the "general and uniform" standard insufficient to overturn a state system. Shofstall v. Hollins, 110 Ariz. 88, 515 P.2d 590 (1973); Thompson v. Engelking, 96 Idaho 793, 537 P.2d 635 (1975); Olsen v. State, 276 Ore. 9, 554 P.2d 139 (1976). *See also*, Britt v. State Board of Education, 86 N.C. App. 282, 357 S.E.2d 432 (1987), *appeal dismissed* 320 N.C. 790, 361 S.E.2d 71 (1987). *But see*, Washakie County School Dist. No. One v. Herschler, 606 P.2d 310 (Wyo.), *cert. denied*, 449 U.S. 824 (1980) (school finance system violates equal protection and "complete and uniform" clause of state constitution).

12 funding, and the legislature should place additional restrictions on special levies for the common schools in order to ensure that districts did not "continue to pass high levies, improve programs, and continue to increase the diversity among districts. This was the opposite of what the Legislature wanted."[33]

The Levy Lid Act passed in 1977 (House Bill 1086) imposed two types of controls on special school levies. The first restriction provided that as state funding increased during the next three years to the level required to fully fund basic education, revenues raised by school districts from local special levies would be limited so that by 1981, a school district's special levy amount could not exceed ten percent of the district's state allocation for basic education. Limiting school districts to a ten percent special levy meant that, with the exception of special programs, districts were to operate on state and local revenues of no more than 110 percent of the state basic education support level. Since 50 of the state's 300 school districts provided programs in excess of the 110 percent level, the Levy Lid Act called for these districts' total revenues to decrease, in constant dollars (what came to be known as "leveling down"), as the state moved to fully fund basic education. The legislation allowed these districts to collect levies higher than ten percent during the projected transition to the new system.

Legislative support for the Levy Lid Act was based on a belief that it "would give the State more control over the total cost of education";[34] the state's local school boards, school district administrators, and teachers' organization accepted this bill as the inevitable trade-off for increased state funding. Some groups also believed that the only way to "hold legislators' feet to the fire" and force them to adequately fund basic education at the state level was to limit access to local sources of revenue. The legislation also had political advantages for educators since it "allowed school supporters to talk about the school

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33 Reff, p. 58-59.

34 Gale, p. 97.

finance program as a 'tax shift' rather than a 'tax increase.'"[35] Lack of organized opposition to this part of the Levy Lid Act was such that, according to Gale, there was very little discussion of it prior to passage.

The second restriction limited the ability of school districts to use special levy funds for employee compensation. Using the same "collective wisdom" reasoning outlined above, the legislature agreed to fund salaries based on existing average salaries. However, the 1977 appropriations act capped the pay increases that could be provided during the next biennium by school districts with salary levels above the state average. These salary controls were "by far the most important, complex, and controversial issue" in the school finance reform legislation.[36]

While the court's decision had left open the possibility that local school districts could supplement state funds with special levy dollars to pay higher salaries, the use of the "collective wisdom" approach meant that average salary levels could be used as the basis for determining state funding. As with the special levies, the state chose to attempt to limit its financial liability by exercising greater control over local districts' ability to increase wages. This legislation effectively distorted the collective wisdom approach since it did not allow local school boards to implement the programmatic desires of their constituents.

In addition, some legislators were also concerned about salary differences across the state. Even after accounting for differences in education and experience, teachers in the lowest paying school districts earned barely one-half the salary of their higher-paid colleagues in other districts. The legislature therefore moved to establish control of district salaries and narrow the salary range among school districts by restricting salary increases.

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35 Ibid., p. 98.

36 Reff, p. 42.

1978-1990: Legislative Changes

The Levy Lid Act limited the 50 school districts with state and local revenues in excess of 110 percent of state basic education funding to revenue caps that were set four percent above the district's previous year's basic education expenditure per pupil. Considering an annual inflation rate in the late 1970s of six to ten percent, this legislation was intended to "level down" real revenues in these 50 districts by two to six percent per year. Since state funding was scheduled to increase by approximately ten percent annually, these revenue caps would force special levy amounts in these districts down until they reached a maximum of ten percent of state allocations.

The districts negatively affected by this plan were among the largest in the state and, according to Reff, they "banded together to get relief."[37] In the 1979 legislative session, these districts succeeded in: (1) expanding the definition of "state funding" against which the 110 percent limit applied to include state categorical programs such as special education, compensatory education, and transportation; (2) allowing districts with declining enrollments to retain higher levy capacity; (3) increasing the growth allowed in revenue per pupil from four percent to six percent; and (4) lengthening the phasedown to a ten percent lid, commonly referred to as the "grandfather clause," for an additional two years. The 1981 legislature (Substitute House Bill 667) temporarily froze grandfathered levy amounts until 1984 and extended the termination of the grandfather clause to 1990, with school districts above ten percent levy lid now reducing their levies in seven equal annual increments until they reached the ten percent level in 1990.

A phasedown to a ten percent levy lid, even if extended over a seven-year period, would still require drastic budget cuts for the districts involved. The State's Superintendent of Public Instruction estimated that this legislation, when fully implemented in 1990, would impact districts educating 84 percent of the state's students and would decrease available

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37 Ibid., p. 61.

revenue by $115 million per year, in 1983 dollars.[38] He argued that implementation of such a policy "represents educational catastrophe for the state's schools."[39]

A final blow to a Levy Lid Act which limited school district revenue differentials to a ten percent range was the educational excellence movement of the mid-to-late 1980s. With influential studies such as *A Nation at Risk*[40] outlining the necessity of programmatic enhancements that would cost the state's schools over $500 million,[41] it became politically unpalatable to speak of "leveling down" to equality. The state was clearly on a collision course between the demand for increased educational quality and a school finance reform package that sought to reduce local revenue capacity. As a result, the phasedown of special levies to ten percent of state allocations was again suspended by the 1985 legislature (Senate Bill 3612) and then, on the advice of a state task force on school funding, replaced by an indefinite phasedown to a 20 percent lid by the 1987 legislature.

The 1987 revision to the Levy Lid Act allowed the 71 school districts with 20-30 percent special levies to continue to collect levies in their current percentage until "levy reduction funds" were provided by the legislature. The 20--mostly small--school districts whose special levies were in excess of 30 percent were limited to 30 percent beginning in 1989, and the other 205 school districts in the state were authorized to increase levy amounts to 20 percent in 1989. The 1987 legislation also provided state matching funds to subsidize special levies in property-poor school districts. These funds allow school districts with per pupil property tax bases below the state average to use the state's average

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38 H. M. Johnson and D. F. Reff, "Options Paper on Levies and Local Revenue Capacity in Washington State School Districts," unpublished manuscript, 1984, p. 8.

39 Ibid., p. 7.

40 National Commission on Excellence in Education, A Nation at Risk: The Imperative for Educational Reform (Washington, D.C.: U.S. Government Printing Office, 1983).

41 Johnson and Reff, p. 8.

per pupil tax base, rather than their own lower tax base, to calculate the tax rate required to raise the first ten percent of their special levy.

The debate over salary controls continues. Since 1977, the legislature has used four different approaches to set and control staff salaries. The initial attempts at limiting salary increases were blocked by an adverse attorney general opinion[42] and the State Supreme Court.[43] The 1981 legislature succeeded, however, in capping school district employee salaries by severely curtailing the authority of local school boards to set salaries. The 1981 revision (Substitute House Bill 166) requires local boards to limit school employee salary increases "to the amount and/or percentage provided in the biennial budget" for this purpose.[44] Employees in school districts with above-average compensation levels were authorized lesser salary increases than those in districts with below-average base salaries. These controls were to be enforced by withholding a portion of the state's basic education allocation to a district until it was in compliance. In addition, the salary increases allowed in school districts that had exceeded legislatively specified salary increases in the 1979-81 biennium were lowered to offset these increases. "In a few cases, this decrease resulted in school districts receiving no salary increase funding for both years of the 1981-83 biennium."[45]

As shown in Table 5, this legislation, which became effective with the 1981-82 school year, succeeded in meeting its objective of controlling school district contractual salaries. In 1980-81, the average salaries among Washington's teachers were 17.6 percent

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42 Washington Attorney General's Opinion, 1977, No. 17.

43 Washington Education Association v. State, 93 Wn.2d 37, 604 P.2d 950 (1980).

44 Washington State Legislature, Final Legislative Report (Olympia, Wash.: State Printing Office, 1981), p. 33.

45 Superintendent of Public Instruction, Organization and Financing of the Washington Public School System (Olympia, Wash.: author, 1990), p. 104.

above the national average; over the next nine years, average salaries among Washington's teachers remained virtually unchanged in constant dollars, while the national average increased 22.2 percent. As a result, by the 1989-90 school year, average salaries for Washington's teachers had fallen to 2.2 percent below the national average.

Table 5
Washington's Average Teacher Salary
Compared to the U.S. Average,
1980-81 and 1989-90, Adjusted to Constant 1981 Dollars

Average Teacher Salary	1980-81	1989-90	Percentage of Change
United States	17,590	21,495	22.2
Washington (180-day contract)	20,693[a]	21,018	1.6
Percentage of Difference	17.6	-2.2	

[a]Estimated based on 180 days of contracted employment. The reported 1980-81 Washington average teacher salary of $21,268 includes payment for additional days beyond the standard 180-day teacher contract; the reported 1989-90 Washington average teacher salary is for 180 days only. In order to allow for meaningful comparison, this study uses a liberal assumption that the 1980-81 salary data include pay for an average of five additional days per teacher.

Source: National Education Association, Rankings of the States, 1982 (West Haven, Conn.: the association, 1982), p. 18-19; National Education Association, Rankings of the States, 1990 (West Haven, Conn.: the association, 1990), p. 18.

Since 1977, the Legislature has also made "a deliberate effort to narrow the (salary) range among districts."[46] As shown in Table 6, the legislature appears to have also been very effective in this effort. At the time salary legislation was first begun during the 1978-79 school year, the average salary in the lowest-paying district in the state, when adjusted for differences in staff experience and educational attainment, was barely one-half that paid

[46] Reff, p. 45-46.

in the district with the highest average adjusted salary in the state. Eleven years later, the lowest average district salary in the state, when adjusted for differences in staff experience and educational attainment, was only six percent less than the highest average district salary in the state. Teachers in higher-salaried districts have borne the brunt of this equalization. While teachers in the lowest-paying school district realized a more than 40 percent inflation-adjusted base wage increase, teachers in the highest-salaried districts found their real base salaries slashed by nearly 15 percent during the last decade.

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Table 6
Teacher Salary Differentials Across School Districts
in 1978-79 and 1989-90, Adjusted to Constant 1979 Dollars

Average Adjusted[a] Washington Teacher Salary	1978-79	1989-90	Percentage of Change
Highest-Paying School District in State	12,415[b]	10,721	-13.6
Lowest-Paying School District in State	6,974	10,082	44.6
Percentage of Difference	-43.8	-6.0	

Source: Superintendent of Public Instruction, Financial Services Bulletins 35-79 and 13-89, State of Washington.

[a] Adjusted for differences across school districts in staff experience and educational attainment

[b] Estimated based on 180 days of contracted employment. The reported 1978-79 average adjusted teacher salary in the highest-paying district in the state of $13,105 includes payment for additional days beyond the standard 180-day teacher contract; reported 1989-90 teacher salaries are for 180 days only. In order to allow for meaningful comparison, this study assumes that the 1978-79 salary data for the highest-paying district in the state include pay for an additional ten days of employment per teacher in this district; 1978-79 salary figures for the lowest-paying district in the state are assumed to include pay for no additional days.

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Controls on contractual salaries, however, have spawned a plethora of supplemental contracts or "side payments," which allow teachers to receive compensation

in addition to that defined as "average salary." While supplemental contracts for coaches and others involved in additional duties have existed for many years, a major loophole was overtly created in the salary control act in 1987, when the legislature exempted "supplemental contracts for additional time, additional responsibility, or incentives" from this legislation.[47] As a result, the average amount paid via supplemental contracts increased 32 percent from $1,624 per teacher in 1987-88 to $2,139 per teacher in 1989-90 (in constant 1990 dollars).[48]

Teachers in the economically booming Puget Sound region have not been mollified, however, by increased access to supplemental contracts. The extra pay comes with a variety of strings attached (e.g., it is for one year only; it is not protected by continuing contract law) and since the majority of money is contractually tied to extra time or extra responsibility, it is not universally viewed as a salary increase. In the spring of 1990, teachers throughout the region staged one-day walk-outs to protest state compensation practices.

Much of this unrest is driven by rapidly increasing living costs in the Puget Sound region. According to the American Chamber of Commerce, the cost of maintaining a middle-class lifestyle in 1987 was 8.5 percent higher in Seattle than in the average

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[47] Washington State Legislature, Final Legislative Report (Olympia, Wash.: State Printing Office, 1987), p. 89.

[48] Superintendent of Public Instruction, School Business Services Bulletin 2-91, State of Washington.

American city. By the third quarter of 1989, the gap had grown to 11.1 percent,[49] and in the second quarter of 1990, stood at 12.3 percent.[50]

Teachers in this region also face intra-state disparities in their purchasing power. The Chamber of Commerce collects cost of living data for eight urban areas in Washington: Olympia, Richland, Seattle, Spokane, Tacoma, Walla Walla, Wenatchee, and Yakima. As shown in Table 7, the cost of a package of 59 items (e.g., food, housing, utilities, transportation, health care) that an individual might buy to maintain a middle-class lifestyle differs significantly across these eight cities.

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[49] L. Helm, "The Price of Living in Seattle: It's Above Average, and Gap is Widening," Seattle Post Intelligencer, January 23, 1990, p. A1.

[50] American Chamber of Commerce Researchers Association, Second Quarter, 1990, Inter-City Cost of Living Index (Louisville, Ky.: the chamber, 1990), p. 11.

Table 7
Average Costs of Living, As Measured By a Package of 59 Items, in Eight Washington Communities, 1989-90 School Year

City	Percentage Above National Average	Percentage Above Spokane
Seattle	+12.5	19.8
Tacoma	+1.8	8.4
Tri-Cities	-1.3	5.1
Yakima	-3.3	3.0
Olympia	-4.4	1.8
Walla Walla	-5.5	0.6
Spokane	-6.1	--
Wenatchee	-8.4	-2.4

Source: American Chamber of Commerce Researchers Association, Third Quarter, 1989 Inter-City Cost of Living Index (Louisville, Ky: the association, 1989); American Chamber of Commerce Researchers Association, Fourth Quarter, 1989 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990); American Chamber of Commerce Re-searchers Association, First Quarter, 1990 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990); American Chamber of Commerce Researchers Association, Second Quarter, 1990 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990).

These differences translate into unequal standards of living for teachers across the state. As shown in Table 8, even though the adjusted salary for Seattle's teachers during the 1989-90 school year was 2.0 percent higher than the average adjusted salary in the Spokane School District, the lower cost of living in Spokane more than compensated for this difference. When varying costs are taken into account, the purchasing power of the average teacher salary in Seattle was $4,820, or 14.9 percent, less than the purchasing power of the average teacher salary in Spokane. Tacoma's teachers received $2,515 less in purchasing power than did their peers in Spokane.

Table 8
Purchasing Power of Average Adjusted[a]
Teacher Salary Differentials
in Eight Washington Communities, 1989-90 School Year

City	1989-90 Average Adjusted[a] Teacher Salary	1989-90 Relative Purchasing Power[b]	Difference in Purchasing Power[b]	Percentage Above Spokane
Seattle	31,047	27,597	-4,820	-14.9
Tacoma	30,440	29,902	-2,515	-7.8
Kennewick	30,440	30,841	-1,576	-4.9
Yakima	30,440	31,479	-938	-2.9
Olympia	30,440	31,841	-576	-1.8
Walla Walla	30,440	32,212	-205	-0.6
Spokane	30,440	32,417	--	--
Wenatchee	30,609	33,416	+999	+3.1

[a] Adjusted for differences across school districts in staff experience and educational attainment. (District average adjusted teacher salary = [District average salary/District staff mix factor] x Statewide average staff mix factor.)

[b] Compared to average cost of living in U.S. urban areas during the fourth quarter of 1988 and the first and second quarters of 1989.

Source: Superintendent of Public Instruction, Financial Services Bulletin 13-89, State of Washington; American Chamber of Commerce Researchers Association, Fourth Quarter, 1989 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990); American Chamber of Commerce Researchers Association, First Quarter, 1990 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990); American Chamber of Commerce Researchers Association, Second Quarter, 1990 Inter-City Cost of Living Index (Louisville, Ky: the association, 1990).

Much of this difference is usually associated with a booming Puget Sound housing market; however, even when the cost of housing is excluded from these figures, the average salary of teachers in Seattle has 11.3 percent less purchasing power than does the

average salary in Spokane. According to the latest ACCRA data,[51] food, transportation, and health care are all 10 to 30 percent more expensive to purchase in Seattle than in less costly regions of the state. With current state policy geared toward further equalization of salaries across the state, labor unrest can be expected to continue and most likely increase in the near future. The Washington Education Association has repeatedly attempted to regain the right to bargain salaries without state restrictions.

The Impact of School Finance Reform in Washington

In Seattle School District v. State, the Seattle School District succeeded in obtaining a judicial mandate directing the state to make ample provision for the basic education program without heavy reliance on special school levies. Hopes that finance reform would provide significant improvements in the level of funding provided to K-12 public schools in Washington have not been realized, however. Instead, the impact of school finance reform has been to equalize access to resources across the state, which has led to a marginal shift in resources away from school districts with large numbers of poor and minority students and toward districts with mostly White, middle-class students.

As shown in Table 9, state and local education revenues per pupil as a percentage of state per capita income have improved from 7.6 percent below the national average before Seattle School District v. State to only 1.7 percent below the national average in 1988-89. With per capita income in Washington growing at only two-thirds the national rate, however, this improved effort has not been translated into significant increases in education revenues. State and local per-pupil revenues initially jumped from 1.8 percent below the national average in 1976-77 to 3.3 percent above the national average in 1980-81 (see Table 9). This gain was almost entirely lost in the 1980s; by the 1988-89 school year, per-pupil

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[51] American Chamber of Commerce Researchers Association, Second Quarter, 1990, Inter-City Cost of Living Index (Louisville, Ky.: the chamber, 1990).

revenues in Washington were nearly as far below the national average as they had been before Seattle School District v. State.

Table 9
Washington and U.S. Indices of State and Local Revenues
Per Pupil in Relation to Per Capita Income,
1976-77 to 1988-89

School Year	State and Local Revenues per Pupil			Revenue/Income Index[a]		
	Washington	U.S.	Percentage Difference from U.S.	Washington	U.S.	Percentage Difference from U.S.
1976-77	1,648	1,679	-1.8	23.3	25.2	-7.6
1979-80	2,319	2,246	+3.3	23.6	24.9	-5.2
1982-83	3,064	3,061	+0.1	25.5	26.7	-4.4
1985-86	3,927	3,905	+0.6	27.8	28.1	-1.0
1988-89	4,701	4,779	-1.6	28.5	29.0	-1.7

[a] International comparisons of educational adequacy often report the percentage of a country's gross national product (GNP) which is devoted to education. In order to provide an indicator of each state's educational adequacy, both at a point in time and over time, the U.S. Department of Education has developed an index which relates a state's "state and local education revenues per pupil" to the state's per capita income.

Source: National Education Association, Rankings of the States (West Haven, Conn.: the association, 1977 through 1990); U.S. Department of Commerce, Survey of Current Business (Washington, D.C.: U.S. Government Printing Office, 1987 through 1989).

While the relative adequacy of the state's school finance system improved only slightly between 1976-77 and 1988-89, the legislation passed in the aftermath of Seattle School District v. State did significantly improve horizontal equity among students. In 1976-77, the student at the 95th percentile in terms of total revenue was supported by 70.7

percent more fiscal resources than was the student at the 5th percentile (see Table 10). By 1988-89, this gap had been narrowed to only 37.4 percent. The 75:25 restricted range ratio has also been cut by nearly 60 percent in the last twelve years.

Table 10
Washington Revenues Per Pupil at Various Percentile Levels,
1976-77 and 1988-89

	Revenues Supporting Student at Percentile					
School Year	95th (Dollars)	5th (Dollars)	Difference	75th (Dollars)	25th (Dollars)	Difference
1976-77	1,981	1,160	70.7	1,717	1,347	27.5
1988-89	5,170	3,762	37.4	4,443	3,988	11.4

Source: Superintendent of Public Instruction, Financial Services Bulletin 14-78, State of Washington; Superintendent of Public Instruction, School Business Services Bulletin 13-90, State of Washington.

Although greater equality is often viewed as an end in itself, in a situation in which revenues were barely keeping pace with national trends, the significant reallocation of resources shown in Table 10 suggests that financial reform in Washington was more a matter of "robbing Peter to pay Paul" than it was a situation of improving the educational resources provided to every group. Unfortunately, one group that now receives "a smaller slice of the pie" is those school districts educating the highest percentage of minority students[52]. The school districts with the top 25 percent of students in terms of the

[52] The following school districts were among those educating the top quartile of students in terms of the percentage of minority enrollment in the district during both the 1976-77 and 1988-89 school years: Bremerton, Clover Park, College Place, Columbia (Stevens), Grand Coulee Dam, Grandview, Granger, Hood Canal, Inchelium, Keller, LaConnor, Mabton, Mary Walker, Moses Lake, Mount Adams, Nespelem, North Beach, North Franklin, Oakville, Omak, Othello, Palisades, Pasco, Prescott, Prosser, Queets-

percentage of minority enrollment in their district educate nearly 60 percent of the state's minority students, while those in the bottom quartile educate only eight percent of the state's minority students. Before Seattle School District v. State, districts with the highest percentage of minority students received 27.9 percent of total school revenues (see Table 11). The share of total revenues going to students in these districts declined slightly to 27.3 percent of school revenues in 1988-89.

Clearwater, Quincy, Royal, Seattle, South Bend, Steilacoom Hist., Sunnyside, Tacoma, Taholah, Toppenish, Union Gap, Wapato, Warden, Wellpinit, and Yakima. The following school districts were among those educating the top quartile of students in terms of the percentage of minority enrollment in the district during the 1976-77 school year only: Cape Flattery, Castle Rock, Central Kitsap, Cusick, Conway, Ferndale, Great Northern, Index, Ocean Beach, Paterson, South Kitsap, Star, Wilson Creek, and Wishkah Valley. The following school districts were among those educating the top quartile of students in terms of the percentage of minority enrollment in the district during the 1988-89 school year only: Bellevue, Brewster, Bridgeport, Highland, Highline, Lake Chelan, Manson, Mill A, North River, Oak Harbor, Okanogan, Orondo, Renton, Satsop, South Central, Touchet, and Wahluke.

Table 11
Share of Total School Revenues Provided to
Washington School Districts with
High, Medium, and Low Minority Enrollments,
1976-77 and 1988-89

Students in School Districts Ranked by Percentage of Minority Enrollment	Share of Total School Revenues in Percentages 1976-77	1988-89	Percentage Change in Share
Highest 25 %	27.9	27.3	-2.2
Middle 50 %	49.1	48.3	-1.6
Lowest 25 %	23.0	24.4	+6.1

Source: Superintendent of Public Instruction, Financial Services Bulletin 14-78, State of Washington; Superintendent of Public Instruction, School Business Services Bulletin 13-90, State of Washington.

This change was driven by the state's move to equalize teacher salaries statewide. In the mid-1970s, teachers in school districts with high minority enrollments received average salaries (adjusted for experience and education) that were nearly two percent above the state average. By 1988-89, the average adjusted salary for teachers in high minority enrollment districts was slightly below the state average. During the same period, the share of revenue going to districts with the lowest percentage of minority students increased by 6.1 percent. Teachers in these districts were the primary beneficiaries of moves to equalize teacher salaries around the state.

The move to equalize resources also had a negative influence on the relative share received by students in school districts with a high percentage of students living in

poverty[53]. Between 1976-77 and 1988-89, the share of state and local school revenues received by school districts educating the highest percentage of students eligible for free or reduced-price lunches fell 4.9 percent. During the same period, students in school districts with the lowest percentage of students eligible for free or reduced-price lunches increased their share of school revenues by 3.4 percent. The districts receiving a smaller resource share educate 39 percent of the students eligible for free or reduced lunches; districts gaining a larger percentage of revenue educate twelve percent of free or reduced-price lunch students.

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[53] The following school districts were among those educating the top quartile of students in terms of the percentage of students eligible for free or reduced lunches in the district during both the 1976-77 and 1988-89 school years: Aberdeen, Brewster, Clarkston, Dayton, Elma, Goldendale, Kelso, Kiona-Benton, Loon Lake, Lyle, Manson, Methow Valley, Moses Lake, Mount Vernon, Nespelem, North Franklin, Ocean Beach, Omak, Oroville, Othello, Pasco, Pateros, Prescott, Republic, Royal, Sequim, Skykomish, South Bend, Tonasket, Vader, Valley, Warden, and Wilbur. The following school districts were among those educating the top quartile of students in terms of the percentage of students eligible for free or reduced lunches in the district during the 1976-77 school year only: Bethel, Brinnon, Cape Flattery, Crescent, Easton, Everett, Quillayute Valley, Quincy, and Taholah. The following school districts were among those educating the top quartile of students in terms of the percentage of students eligible for free or reduced lunches in the district during the 1988-89 school year only: Bremerton, Bridgeport, Clover Park, College Place, Columbia (Stevens), Concrete, Creston, Curlew, Cusick, Darrington, Evergreen (Stevens), Grandview, Granger, Hood Canal, Inchelium, Keller, Mabton, Mary Walker, Mount Adams, Newport, North Beach, Northport, Oakville, Orient, Pe Ell, Prosser, Queets-Clearwater, Riverside, Seattle, Soap Lake, Sunnyside, Tacoma, Toppenish, Union Gap, Wapato, Wellpinit, Wenatchee, Yakima, and Yelm.

Table 12
Share of Total School Revenues Provided to
Washington School Districts with
High, Medium, and Low Percentages of Students in Poverty,
1976-77 and 1988-89

Students in School Districts Ranked by Percentage Eligible for Free and Reduced-Price Lunch	Share of Total School Revenues in Percentages 1976-77	1988-89	Percentage Change in Share
Highest 25 %	28.5	27.1	-4.9
Middle 50 %	48.1	48.8	1.5
Lowest 25 %	23.6	24.4	3.4

Source: Superintendent of Public Instruction, Financial Services Bulletin 14-78, State of Washington; Superintendent of Public Instruction, School Business Services Bulletin 13-90, State of Washington.

These data suggest that the most distinctive change in school funding in Washington in the last 13 years has not been a move toward "ample provision" for education, as was mandated by Seattle School District v. State. Instead, it has been to redistribute funds to provide more equal access to school resources. Those school districts serving disproportionate numbers of poor and minority students have not fared well in this process. While the relative share of resources going to these districts has fallen, the primary beneficiaries have been school districts that educate mostly White and/or relatively wealthy students.

Discussion

This paper has sought to address the impact of school finance reform on the financial and human resources available to educate Washington's children. This section

will outline a set of standards that can be used to measure the adequacy of Washington's current school funding program. It will then compare the data presented in the previous section to these standards and discuss the extent to which the state's current funding system addresses these criteria. Using this information, this section will then enumerate a pertinent set of policy options confronting the state and discuss the most promising alternatives based upon general feasibility. While an evaluation of the entire Washington school funding system is well beyond the scope of this paper, the section will conclude with recommendations as to the issues such an analysis should address.

Mort developed a set of objective, equitable measures of educational need which are still used as the basis for most state equalization plans in this country.[54] Mort recommended that three elements be included in an adequate educational program:

1. Funding based upon a defined set of educational activities found in most or all of the communities in the state;
2. Funding levels that account for all special expenditures school districts incur due to causes that are essentially beyond their control;
3. Funding that provides for unusual local conditions requiring a more costly type of education.[55]

The current school funding systems in Washington adequately addresses only the first two of these criteria. As directed by the courts in 1977, the state legislature has defined a set of basic education activities and provides funding to ensure that these activities are available in every school district in the state. A subsequent court decision in 1983[56] required the state

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[54] P. R. Mort, The Measurement of Educational Need (New York: Teachers College, Columbia University, 1924).

[55] Ibid., p. 6 and 7.

[56] Seattle School District v. State, No. 81-2-1713-1 (Thurston County Superior Court, September 7, 1983).

to fully fund special programs for handicapped, bilingual, and remedial students, as well as transportation costs that are beyond the control of the district (e.g., student transportation made necessary due to hazardous walking conditions).

The highly centralized school funding system that has developed in Washington since Seattle School District v. State does not, however, adequately provide for Mort's third criterion, "unusual local conditions." While the school finance formula does account for some local conditions such as sparsity of population, only limited adjustments are made for local variations in the percentage of poor or minority children or in the local cost of living. A considerable body of research evidence (Fordham & Ogbu, 1986; Helmong & Laing, 1986; National Alliance of Black Educators, 1984; Weinberg, 1986; Wilson, 1987) has been produced in the recent years describing the unique educational problems of poor and minority students.[57] While a limited number of special programs have been developed to address these needs (e.g., the Learning Assistance Program), the data outlined in the previous section suggest that finance reform in Washington has marginally reduced the share of total school revenues provided to school districts educating the largest percentage of poor and minority students. At the same time that increasing national and state attention is being given to at-risk students, those districts with high proportions of minority children and poor children have been losing ground.

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[57] S. Fordham and J. U. Ogbu, "Black Students' School Success: Coping with the 'Burden of "Acting White",'" Urban Review 18 (1986): 176-206; K. Helmong and K. Laing, "Exiles Among Us: Poor and Black in America," Christian Science Monitor, November 13, 1986, p. 1; National Alliance of Black Educators, Saving the African American Child (Washington, DC: the alliance, 1984); M. Weinberg, The Education of Poor and Minority Children (Westport, Conn.: Greenwood Press, 1986); W. J. Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago: University of Chicago Press, 1987).

A major factor in this redistribution of resources has been the equalization of teacher salaries across Washington, with no adjustment made for variations in cost of living. A recent study of teacher attrition in Washington shows that, with salary and other factors held constant, teachers are significantly more likely to leave teaching positions in high assessed valuation school districts.[58] Teachers in these districts, which are predominantly in the Puget Sound region, receive salaries that provide 8-15 percent less purchasing power than salaries paid in school districts in other, less costly regions of the state. This higher attrition may reflect the lower standard of living that teacher salaries in the Puget Sound region will provide (see Table 8).

The options available to the state for addressing these issues include: (1) Doing nothing; (2) Redistributing current or slightly increased state allocations by revising the existing salary control legislation to account for local variations in the cost of living; (3) Providing additional funding targeted to school districts educating a high percentage of minority or poor students; (4) Increasing available school revenues by maintaining current state support levels while removing the levy lid; and (5) Dramatically increasing the current level of state support and allocating these funds based on existing funding schemes.

The first alternative, doing nothing, is likely to be attractive only to those constituent groups who have benefited from the redistribution of resources that has occurred since 1977. Whether the representatives of the districts negatively affected by the current funding system have the political will or unity to force the type of legislative changes needed, however, is still very much an unanswered question.

If revisions are to be made, the second option would seem to raise the fewest political and economic problems. In order to meet Mort's standard of an adequate

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58 N. D. Theobald, "An Examination of the Influence of Personal, Professional, and School District Characteristics on Public School Teacher Retention," Economics of Education Review 9 (1990): 241-250.

educational program under the current state system, the salary level supported by the state should include an index partially adjusting aid to account for local variations in the cost of living. An individual's salary is only worth what it will buy. To provide nearly equal salaries to teachers living in regions of the state with 20 percent cost of living variances seems quite unfair.

A second change which seems warranted is the inclusion of a factor, similar to that provided to school districts with small or remote schools, for school districts educating a high percentage of minority or poor students. The proponents of school finance reform in Washington continue to speak of the need to equalize educational opportunity in the state. This goal can only be realized by reversing the current decline in the share of resources provided to districts that educate large numbers of poor and minority students.

Both of these issues, however, are only symptomatic of the overarching problem that Washington's public schools face. Educational policy making in Washington since 1977 has become characterized by an increasingly bureaucratic, centrally controlled power structure that seems intent upon "micro-managing" the affairs of the state's school districts from Olympia. The most significant constraint this places upon K-12 education is that bureaucracies inherently require equal treatment for people who may, in fact, be very different from each other. Funding based on statewide averages that at one time reflected "collective wisdom" may produce the semblance of equality, but this equality is purchased by severely restricting the capacity of school districts to respond to unique local conditions.

Currently, calls are being made from several quarters in favor of abolishing the state's levy lid and allowing local school districts to significantly increase the amount of revenue raised from local voters. Recent unsuccessful attempts to increase state revenues for education have led to a perception that additional revenues might be more forthcoming from these local sources. The support this levy proposal has received also reflects an increasing realization that schools cannot be effectively managed by distant hierarchical control. Education is a retail, not a wholesale, enterprise; and resources must be available

at the building and classroom level to provide the individualized services that students and parents need and want. Continued use of the one-size-fits-all, wholesale approach to educational policy making severely limits the autonomy of on-site personnel to tailor the instructional setting toward maximizing student learning.

Yet, any proposal to eliminate the levy lid carries the risk of returning the state to the "bad old days" of double levy failures and massive program cuts. The political and legal wisdom of this approach has thus been called into question. While increased levy equalization funds would address some of these questions, there are doubts about the political and economic feasibility of a substantial increase in levy equalization. This situation has led some groups to put forward a fourth alternative of dramatically increasing the current level of state support and allocating these funds based on existing funding schemes. However, this solution is not only politically and economically unfeasible, it does not address the technical problems inherent in trying to manage schools through the current highly bureaucratic structure.

What seems warranted is a complete rethinking of the financial relationship between state government and Washington's public schools. The state can no longer fund its schools based upon some outdated view of "collective wisdom," which fails to adequately reflect the unique needs of students in the state's classrooms. Radical reorganization, such as the development of local school councils, may be needed to strip away centralized, bureaucratic control and redistribute authority and resources to the bottom of the hierarchy where they can effectively be used to educate children. In the interim, a revision to the existing salary control legislation, which accounts for large variations in local costs of living or additional funding needs of school districts educating a high percentage of minority or poor students--would provide stopgap solutions to the current practices that disadvantage those districts educating large numbers of poor and minority children.